

Genuine Parts Company

Genuine Parts Company Reports Results for 2008 Sales Increased 2%, EPS Decreased 2%

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ATLANTA

Genuine Parts Company reports sales and earnings for the fourth quarter and year ended December 31, 2008.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20081002/CLTH108LOGO>)

Tom Gallagher, Chairman, President and Chief Executive Officer, announced today that sales in 2008 were \$11.0 billion, up 2% compared to 2007. Net income for the year was \$475.4 million, a decrease of 6% compared to \$506.3 million in 2007. Earnings per share on a diluted basis were \$2.92, down 2% compared to \$2.98 in 2007.

Mr. Gallagher stated, "In line with our announcement on January 23, 2009, 2008 proved to be an interesting, as well as challenging, year for Genuine Parts Company. We are, however, pleased to report that 2008 represents another record level of revenues for us. Again for 2008, the Company's strongest sales improvements came from our two business segments serving the manufacturing sector of the economy. Motion Industries, our Industrial Group, reported a 5% increase for the year and EIS, our Electrical/Electronics Group, reported a 7% increase. The Automotive Group and S.P. Richards, our Office Products Group, continued to experience slower industry demand, with Automotive reporting just a slight sales increase in 2008 and our Office Group reporting a 2% decrease for the year."

Mr. Gallagher added, "We are disappointed that earnings did not improve over the prior year, with all of the shortfall coming in the final quarter. Fortunately, we were able to maintain a strong balance sheet and generate solid cash flows, which we returned to our shareholders in the form of dividends and share repurchases."

Fourth Quarter 2008

Sales decreased 4% to \$2.5 billion in the fourth quarter ended December 31, 2008, compared to \$2.6 billion for the same period in 2007. Diluted earnings per share in the fourth quarter were 55 cents, down 27% compared to 75 cents per share for the fourth quarter of 2007.

Mr. Gallagher commented, "After reporting steady and consistent results through the first three quarters of the year, we experienced a weakening in demand across all of our business segments during the final quarter, reflecting the effects of reduced consumer spending, declining industrial production and higher unemployment. In the fourth quarter of 2008, our Automotive sales were down 6%, our Industrial Group sales were unchanged, our Electrical/Electronics Group was down 4% and our Office Products Group was down 5%."

Mr. Gallagher concluded, "Due to all of the current economic uncertainties, our outlook for the near term is a bit more cautious than it might be in more normal times. However, we continue to be quite optimistic about the longer-term prospects for GPC and for each of our businesses. We believe the underlying fundamentals and demographics in all four business segments remain long term positive and each industry should return to historical growth levels as we work our way through the current economic downturn."

Conference Call

Genuine Parts Company will hold a conference call today at 11:00 a.m. EST to discuss the results of the quarter, the year and the future outlook. Interested parties may listen to the call on the Company's website, www.genpt.com, by clicking "Investor Services", or by dialing 877-422-4780, conference ID 23660. A replay will also be available on the Company's website or at 800-642-1687, conference ID 23660, two hours after the completion of the conference call until 12:00 a.m. EST on March 4, 2009.

Forward Looking Statements

Some statements in this release, as well as in other materials we file with the Securities and Exchange Commission ("SEC") or otherwise release to the public and in materials that we make available on our website, constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Senior officers may also make verbal statements to analysts, investors, the media and others that are forward-looking. Forward-looking statements may relate, for example, to our future operations, prospects, strategies, financial condition, economic performance (including growth and earnings), industry conditions and demand for our products and services. The Company cautions that its forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. Actual results or events may differ materially from those indicated as a result of various important factors. Such factors include, but

are not limited to, the ability to maintain favorable supplier arrangements and relationships, changes in general economic conditions, the growth rate of the market for the Company's products and services, competitive product and pricing pressures, including internet related initiatives, the effectiveness of the Company's promotional, marketing and advertising programs, changes in financial markets, including particularly the capital and credit markets, changes in laws and regulations, including changes in accounting and taxation guidance, the uncertainties of litigation, as well as other risks and uncertainties discussed from time to time in the Company's filings with the SEC.

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our Form 10-Q, 10-K, 8-K and other reports to the SEC.

About Genuine Parts Company

Genuine Parts Company is a distributor of automotive replacement parts in the U.S., Canada and Mexico. The Company also distributes industrial replacement parts in the U.S. and Canada through its Motion Industries subsidiary. S.P. Richards Company, the Office Products Group, distributes business products nationwide in the U.S. and Canada. The Electrical/Electronic Group, EIS, Inc., distributes electrical and electronic components throughout the U.S., Canada and Mexico.

GENUINE PARTS COMPANY and SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended Dec. 31, Year Ended Dec. 31,
2008 2007 2008 2007
(Unaudited)

(in thousands, except per share data)

| | | | | |
|--------------------|-------------|-------------|--------------|--------------|
| Net sales | \$2,520,190 | \$2,627,269 | \$11,015,263 | \$10,843,195 |
| Cost of goods sold | 1,768,401 | 1,849,063 | 7,742,773 | 7,625,972 |
| | 751,789 | 778,206 | 3,272,490 | 3,217,223 |

| | | | | |
|--|---------|---------|-----------|-----------|
| Selling, administrative & other expenses | 601,555 | 574,774 | 2,504,022 | 2,400,478 |
|--|---------|---------|-----------|-----------|

| | | | | |
|-------------------------------|---------|---------|---------|---------|
| Income before income taxes | 150,234 | 203,432 | 768,468 | 816,745 |
| Income taxes | 62,450 | 77,347 | 293,051 | 310,406 |

| | | | | |
|------------|----------|-----------|-----------|-----------|
| Net income | \$87,784 | \$126,085 | \$475,417 | \$506,339 |
|------------|----------|-----------|-----------|-----------|

| | | | | |
|--------------------------------------|--------|--------|---------|---------|
| Basic net income per common share | \$.55 | \$.76 | \$ 2.93 | \$ 2.99 |
|--------------------------------------|--------|--------|---------|---------|

| | | | | |
|--|--------|--------|---------|---------|
| Diluted net income per common share | \$.55 | \$.75 | \$ 2.92 | \$ 2.98 |
|--|--------|--------|---------|---------|

| | | | | |
|--|---------|---------|---------|---------|
| Weighted average common shares outstanding | 159,452 | 166,955 | 162,351 | 169,129 |
|--|---------|---------|---------|---------|

| | | | | |
|--|-----|-----|-----|-------|
| Dilutive effect of stock options and non-vested restricted stock awards | 457 | 976 | 635 | 1,006 |
|--|-----|-----|-----|-------|

| | | | | |
|---|---------|---------|---------|---------|
| Weighted average common shares outstanding - assuming dilution | 159,909 | 167,931 | 162,986 | 170,135 |
|---|---------|---------|---------|---------|

GENUINE PARTS COMPANY and SUBSIDIARIES SEGMENT INFORMATION AND FINANCIAL HIGHLIGHTS

Three Months Ended Dec. 31, Year Ended Dec. 31,
2008 2007 2008 2007
(Unaudited)

(in thousands)

Net sales:

| | | | | |
|-----------------------|-------------|-------------|--------------|--------------|
| Automotive | \$1,194,018 | \$1,274,305 | \$5,321,536 | \$5,311,873 |
| Industrial | 828,364 | 828,279 | 3,514,661 | 3,350,954 |
| Office Products | 400,347 | 422,123 | 1,732,514 | 1,765,055 |
| Electrical/Electronic | | | | |
| Materials | 102,177 | 106,902 | 465,889 | 436,318 |
| Other (1) | (4,716) | (4,340) | (19,337) | (21,005) |
| Total net sales | \$2,520,190 | \$2,627,269 | \$11,015,263 | \$10,843,195 |

Operating profit:

| | | | | |
|----------------------------|-----------|-----------|-----------|-----------|
| Automotive | \$67,468 | \$87,490 | \$385,356 | \$413,180 |
| Industrial | 71,871 | 77,432 | 294,652 | 281,762 |
| Office Products | 29,406 | 37,729 | 144,127 | 156,781 |
| Electrical/Electronic | | | | |
| Materials | 7,546 | 7,211 | 36,721 | 30,435 |
| Total operating profit | 176,291 | 209,862 | 860,856 | 882,158 |
| Interest expense, net | (7,970) | (4,506) | (29,847) | (21,056) |
| Other, net | (18,087) | (1,924) | (62,541) | (44,357) |
| Income before income taxes | \$150,234 | \$203,432 | \$768,468 | \$816,745 |

Capital expenditures \$44,935 \$31,867 \$105,026 \$115,648

Depreciation and

amortization \$22,229 \$23,688 \$88,698 \$87,702

(1) Represents the net effect of discounts, incentives and freight billed reported as a component of net sales.

GENUINE PARTS COMPANY and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

Dec. 31, Dec. 31,
2008 2007
(in thousands)

ASSETS

CURRENT ASSETS

| | | |
|---|-----------|-----------|
| Cash and cash equivalents | \$67,777 | \$231,837 |
| Trade accounts receivable, net | 1,224,525 | 1,216,220 |
| Merchandise inventories, net | 2,316,880 | 2,335,716 |
| Prepaid expenses and other current assets | 262,238 | 269,239 |

TOTAL CURRENT ASSETS 3,871,420 4,053,012

Goodwill and other intangible assets, less

| | | |
|-----------------------------------|---------|---------|
| accumulated amortization | 158,825 | 82,453 |
| Deferred tax asset | 218,503 | 35,778 |
| Other assets | 114,337 | 176,837 |
| Net property, plant and equipment | 423,265 | 425,989 |

TOTAL ASSETS \$4,786,350 \$4,774,069

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

| | | |
|---------------------------|-------------|-----------|
| Trade accounts payable | \$1,009,423 | \$989,816 |
| Current portion of debt | 0 | 250,000 |
| Income taxes payable | 24,685 | 45,578 |
| Dividends payable | 62,148 | 60,789 |
| Other current liabilities | 190,847 | 201,793 |

TOTAL CURRENT LIABILITIES 1,287,103 1,547,976

| | | |
|------------------------------------|---------|---------|
| Long-term debt | 500,000 | 250,000 |
| Other long-term liabilities | 103,264 | 101,988 |
| Retirement benefits liabilities | 502,605 | 91,159 |
| Minority interests in subsidiaries | 69,046 | 66,230 |

| | | |
|-----------------------------|-----------|-----------|
| Common stock | 159,443 | 166,065 |
| Retained earnings and other | 2,164,889 | 2,550,651 |

| | | |
|--|-------------|-------------|
| TOTAL SHAREHOLDERS' EQUITY | 2,324,332 | 2,716,716 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$4,786,350 | \$4,774,069 |

NOTE: Certain prior period amounts have been reclassified to conform to the current year presentation.

GENUINE PARTS COMPANY and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended Dec. 31,
2008 2007
(in thousands)

OPERATING ACTIVITIES:

| | | |
|---|-----------|-----------|
| Net income | \$475,417 | \$506,339 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 88,698 | 87,702 |
| Other | (23,985) | 4,521 |
| Changes in operating assets and liabilities | (9,821) | 42,909 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 530,309 | 641,471 |

INVESTING ACTIVITIES:

| | | |
|--|-----------|-----------|
| Purchases of property, plant and equipment | (105,026) | (115,648) |
| Acquisitions and other | (109,308) | 28,050 |

NET CASH USED IN INVESTING ACTIVITIES (214,334) (87,598)

FINANCING ACTIVITIES:

| | | |
|---|-----------|-----------|
| Net payments on debt | 0 | 0 |
| Stock options exercised | 821 | 10,530 |
| Excess tax (expense) benefits from share-based compensation | (586) | 4,438 |
| Dividends paid | (251,808) | (243,244) |
| Purchase of stock | (273,000) | (241,220) |
| Other | 52,000 | 0 |

NET CASH USED IN FINANCING ACTIVITIES (472,573) (469,496)

EFFECT OF EXCHANGE RATE CHANGES ON CASH (7,462) 11,487

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (164,060) 95,864

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 231,837 135,973

CASH AND CASH EQUIVALENTS AT END OF YEAR \$67,777 \$231,837

First Call Analyst:

FCMN Contact:

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SOURCE: Genuine Parts Company

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Web site: <http://www.genpt.com/>

<https://www.genpt.com/2009-02-17-Genuine-Parts-Company-Reports-Results-for-2008-Sales-Increased-2-EPS-Decreased-2>